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**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: Department of Facilities Management

SUBMITTAL DATE:
October 09, 2007

SUBJECT: Resolution No. 2007-455, Notice of Intention to Purchase Real Property in the City of Riverside; and Resolution 2007-456, Notice of Intent to Reimburse the County of Riverside

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve Resolution No. 2007-455, Notice of Intention to Purchase Real Property – known as Riverside Centre, located at 3403 10th Street, 3499 10th Street and 3901 Lime Street in the City of Riverside, County of Riverside, California, Assessor's Parcel Number 215-120-005;
2. Approve Resolution No. 2007-456, a Resolution of the Board of Supervisors of the County of Riverside Declaring its Intent to Reimburse the County of Riverside for Expenditures on the Acquisition of the subject property if bonded indebtedness occurs;

(Continued on Page 2)

Robert Field, Director
Department of Facilities Management

RF:JKH:MDD:cm
11.223

FINANCIAL DATA	Current F.Y. Total Cost:	\$59,625,000	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ -0-	Budget Adjustment:	No
	Annual Net County Cost:	\$ -0-	For Fiscal Year:	07/08

SOURCE OF FUNDS: General Fund Capital Project designation	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY:

County Executive Office Signature: Jennifer L. Sargent

2007.10.195

[Handwritten Signature]
Reviewed by
CIP TEAM
[Handwritten Signature]

Departmental Concurrence

FORM APPROVED COUNTY COUNSEL
BY: *[Handwritten Signature]* 10/10/07
PAMELA J. WALLS DATE

Dep't Recomm.: Consent Policy

Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: | District: 2 | Agenda Number:

3.49

RECOMMENDED MOTION: (continued)

3. Authorize the Department of Facilities Management to negotiate the purchase of the subject property from Riverside Centre Associates L.P., a California limited partnership for a price not-to-exceed \$58,000,000;
4. Authorize the Department of Facilities Management to incur typical due diligence and transaction costs not-to-exceed \$125,000; and
5. Authorize Riverside County Information Technology to incur costs of approximately \$1,500,000 to provide connectivity between the subject property and the County Administrative Center.

BACKGROUND: The Department of Facilities Management proposes the purchase of an existing office building of approximately 154,000 square feet located on a 2.43+/- acre lot. The three building complex has a parking structure that provides approximately three spaces per 1,000 square feet of office space. The proposed purchase would immediately address some of the County's pressing office space needs and would provide a space reserve for future needs as existing leases expire. The purchase price is significantly below the County's anticipated cost of a land purchase and new construction. The existing building was covered at the time of construction by the City of Riverside, California Environmental Quality Act (CEQA) reviews. As an existing building with no anticipated change in use, the purchase and title transfer qualifies for a negative declaration under CEQA 1506 exemption which will be filed with the anticipated Authorization to Purchase Board action. The continued office use is consistent with the area general plan and zoning.

The cost of debt service is estimated to be \$4,316,760 per year and would be partially offset by the elimination of current lease payments; continued private sector leases will carry much of the remaining debt service. The County currently leases approximately a third of the building for human resources, Grand Jury, District Attorney and others. Over time the County may be able to relocate other County agencies from other nearby rented buildings. The County and private sector rents can be directed to debt service. The purchase may expose the County to relocation costs if the County chooses to terminate private sector leases or non-renewal of existing leases upon their expiration.

County Counsel has reviewed and approved Resolution 2007-455, Notice of Intention to Purchase Real Property and Resolution 2007-456, a Resolution of the Board of Supervisors of the County of Riverside Declaring its Intent to Reimburse the County of Riverside for Expenditures on the Acquisition of a 154,000 square foot building located on a 2.43+/- acre site, located at 3403 10th Street, 3499 10th Street and 3901 Lime Street in the City of Riverside, County of Riverside, California obligations to be issued by the County of Riverside and Directing Certain Actions, as to legal form.

(Continued)

Department of Facilities Management
Resolution No. 2007-455, Notice of Intention to Purchase Real Property in the City of
Riverside; and Resolution No. 2007-456 Notice of Intention to Reimburse the County of
Riverside
October 09, 2007
Page 3

(Continued)

FINANCIAL DATA: The following summarizes the funding necessary to acquire
Assessor's Parcel Number 215-120-005:

Purchase Price (Not-To-Exceed)	\$58,000,000
Information Technology Cost	\$ 1,500,000
Estimated Title and Escrow Charges	\$ 80,000
Estimated Appraisal Cost	\$ 20,000
DOFM Real Property Costs	<u>\$ 25,000</u>
	\$59,625,000

Any necessary budget adjustments will be presented to the Board when the
authorization to purchase is submitted.

Riverside Centre Proposed Purchase



- Identified Features
- highways
- buildings
- Parcels
- City Boundary

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3 Resolution No. 2007-455
4 Notice of Intention to Purchase Real Property
4275 Lemon Street, City of Riverside, California
2.43+/- Acres of APN: 215-120-005

5 BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Supervisors of the
6 County of Riverside in regular session assembled on October 16, 2007, and NOTICE IS
7 HEREBY GIVEN, pursuant to Section 25350 of the Government Code that this Board at its
8 public meeting on November 6, 2007, at 9:00 a.m. in the meeting room of the Board of
9 Supervisors located on the 1st floor of the County Administrative Center, 4080 Lemon Street,
10 Riverside, California, intends to authorize a transaction in which the County of Riverside will
11 purchase certain real property located at 3403 10th Street, 3499 10th Street and 3901 Lime
12 Street in the City of Riverside, County of Riverside, California, APN: 215-120-005, more
13 particularly described in Exhibit "A" attached hereto and thereby made a part hereof consisting
14 of approximately 2.43+/- acre site at a purchase price not-to-exceed fifty-eight million dollars
15 (\$58,000,000), plus miscellaneous escrow closing costs in the approximate amount of eighty
16 thousand dollars (\$80,000).

17 BE IT FURTHER RESOLVED AND DETERMINED that the Department of Facilities
18 Management is to expend approximately forty-five thousand dollars (\$45,000) to complete
19 due diligence on the property, consisting of a preliminary title report, appraisal costs, a
20 hazardous materials survey and miscellaneous other studies as deemed necessary.

21 BE IT FURTHER RESOLVED AND DETERMINED that the Riverside County
22 Information Technology is to expend approximately \$1,500,000 to provide connectivity
23 between the subject property and the County Administration Center (CAC).

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BE IT FURTHER RESOLVED AND DETERMINED that the Clerk of the Board of Supervisors is directed to give notice hereof as provided in Section 6063 of the Government Code.

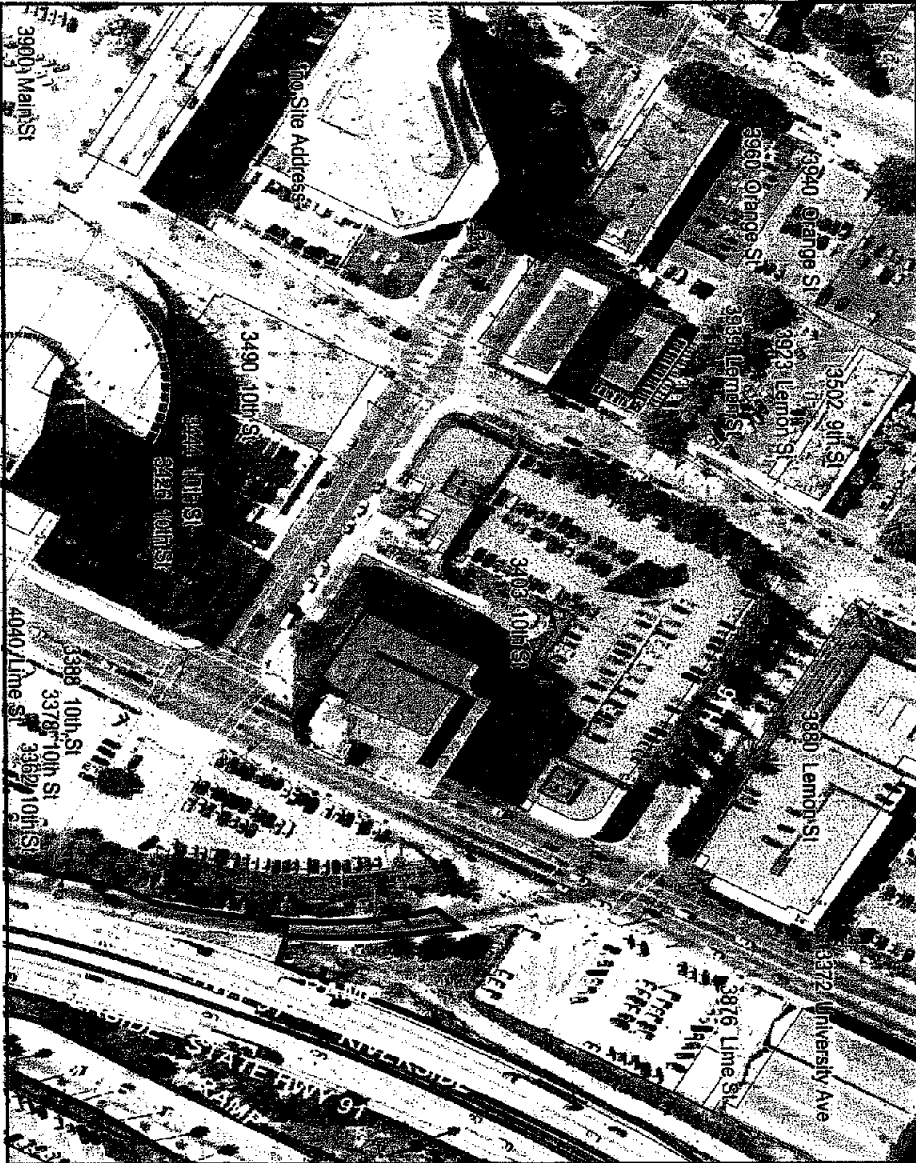
BE IT FURTHER RESOLVED AND DETERMINED that the Director of the Department of Facilities Management, or his designee, is authorized to execute the necessary documents to complete this purchase of real property.

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JH:mdd:cm
10/09/07
11.224
006CP

Riverside Centre

Proposed Purchase



- Identified Features
- highways
- building
- Parcels
- City boundary

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1 **WHEREAS**, the County reasonably expects to make the reimbursement
2 allocation no later than eighteen (18) months after the later of (i) the date on which the
3 earliest original expenditure for the Property is paid or (ii) the date on which such
4 Property is placed in service (or abandoned), but in no event later than three (3) years
5 after the date on which the earliest original expenditure for the Property is paid; and

6 **WHEREAS**, it is in the public interest and for the public benefit that the County
7 declares its official intent to reimburse the expenditures referenced herein.

8 **NOW, THEREFORE, BE IT RESOLVED**, by the County of Riverside Board of
9 Supervisors, as follows:

- 10 1. The County will undertake acquisition services for the Riverside Centre
11 Property, on behalf of the County of Riverside.
- 12 2. The County hereby declares it's intent to reimburse itself for (i) costs
13 associated with the development of the Property prior to the date of
14 issuance of the Obligations and (ii) to use a portion of the proceeds of the
15 Obligations for reimbursement to the County for expenditures for the
16 Property that are paid before the date of issuance of the Obligations.
- 17 3. The County understands that, pursuant to United States Income Tax
18 Regulations section 1.150-2(d), in order for a reimbursement from
19 Obligations for the cost of a portion of the Property to be deemed spent for
20 federal income tax purposes, such reimbursement needs to occur no later
21 than 18 months after the later of (i) the date such expenditure was paid, or
22 (ii) the date the portion of the Property for which such expenditure was made
23 is placed in service, but in no event may any such expenditure being
24 reimbursed be made more than three (3) years after such expenditure was
25 paid.

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JKH:MDD:an
10/04/07
11.225
006CP

FORM APPROVED COUNTY COUNSEL
BY: Pamela J. Walls 10/10/07
PAMELA J. WALLS DATE